GOVERNMENT OF INDIA
ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:2210
ANSWERED ON:15.03.2017
Legality of Online Transactions
Panda Shri Baijayant "Jay"

Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:

Will the Minister of Electronics& Information Technology be pleased to state:

(a) whether the online cash transactions in India enjoy any legal status:
(b) whether the provisions in Acts like Payment Settlements and Systems Act, 2007 (PSS Act), the Information Technology Act, 2008 and Indian Penal Code for protection of users in case of digital payments and mobile wallets are sufficient to protect the digital wallets users: and
(c) if not, whether the Government has any detailed plan on amending these legislations with respect to digital transactions and if so, the details therefore?

Answer

(a): Yes, Sir.

The Information Technology Act 2000 provides legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communication, commonly referred to as electronic commerce.

The Payment And Settlement Systems Act, 2007 provisions to provide for the regulation and supervision of payment systems in India.

(b): Yes, Sir. Section 43A of the IT Act provides for compensation for failure to protect data. The Act requires body corporate possessing, dealing or handling any sensitive personal data or information in a computer resource which it owns, controls or operates, is negligent in implementing and maintaining reasonable security practices and procedures and thereby causes wrongful loss or wrongful gain to any person, such body corporate shall be liable to pay damages by way of compensation to the person so affected. Mobile/digital wallet providers are body corporate. Also the rules notified under this section namely "Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011" prescribes financial information such as Bank account or credit card or debit card or other payment instrument details as sensitive personal information.

Mobile/digital Wallets are also intermediaries under the ambit of IT Act 2000. The rules namely Information Technology(Intermediaries Guidelines) Rules 2011 notified under section 79 of the IT Act provides for a suitable grievance redressal mechanism to be followed by intermediaries.

(c): Does not arise.
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